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SUBJECT: BRAZIL: 2005 ANNUAL TERRORISM REPORT

Tri-Border Area
(Argentina, Brazil and Paraguay)

(Please review with submissions from other TBA posts.)

1. The Tri-Border Area (TBA) -- where Argentina, Brazil and Paraguay converge -- has been characterized as a regional hub for Hizballah and HAMAS fundraising activities. However, the region is more widely known as a center for arms and drug trafficking, contraband smuggling, document and currency fraud, money laundering, and the manufacture and movement of pirated goods.

2. In December 2005, senior level U.S. officials attended a meeting of the 3 1 Group of the Tri-Border Area, a security mechanism established by the three TBA countries in 1998, and to which the United States was invited in 2002. The 3 1 group serves as a continuing forum for fostering cooperation and terrorism prevention among the four countries. At the December, 2005 meeting, participants concluded that according to available information, no operational acts of terrorism have been detected in the Tri-Border Area. However, international terrorist financing and money laundering with roots in the TBA remain an area of heightened concern. The parties agreed that, in the event that any activities are detected that could contribute even indirectly to terrorists acts, including their financing, they would cooperate to deter such acts. They also agreed to conduct a concerted effort to foster legitimate economic activity in the TBA.

3. Brazil, Argentina and Paraguay held a tripartite meeting at Foz de Iguacu, Brazil October 26 and 27, 2005, at which time the parties received the status of ongoing Argentina-Paraguay joint patrols on border waterways. The Brazil delegates noted that the Maritime Police Special Unit (NEPOM) in Foz de Iguacu is operating regularly. The Finance Intelligence Units of the 3 1 met in Asuncion, Paraguay October 10-12, 2005 and established a technical working group to formulate a strategic analysis of trends in the TBA.

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4. Brazil continues to extend practical and effective support for US counter-terrorism efforts. For example, the Government of Brazil diligently pursues investigative leads provided by US intelligence, law enforcement and financial agencies regarding terrorist suspects. The GOB has accepted USG training and technical assistance and remains interested in participating in additional programs. The U.S. Embassy in Brasilia facilitated the provision of an anti-money laundering course with an anti-terror finance component to Brazilian Federal Police in 2004.

5. Although the Government of Brazil is committed to the fight against terrorism, lack of resources and inadequately trained personnel hamper its response. The United States continues to work with Brazil in several bilateral, multilateral and international fora to identify groups and individuals suspected of possible links to terrorist groups. Specialists from the United States work with elements of the Brazilian Government responsible for combating terrorism, including the Federal Police and the Brazilian Intelligence Service. Brazil is increasingly capable of monitoring domestic financial operations and effectively utilizes its financial intelligence unit, the Financial Activities Oversight Council (COAF), to identify possible funding sources for terrorist groups. Recent bilateral assistance and training provided by the USG to COAF emphasized upgrades to its database and data collection mechanism. In January 2005, the Brazilian Federal Police inaugurated a Regional Field Office in Foz do Iguacu, Parana, to coordinate its intelligence and enforcement efforts in the TBA.

6. Through the COAF, Brazil has carried out name checks for persons and entities on the UNSCR 1267 and 1373 terror finance lists, but has so far not found any assets, accounts or property in the names of persons or entities on the UN terror-finance lists. Under current Brazilian law the GOB would require a judicial order to freeze terrorist assets.

17. Since taking office in January 2003, Brazilian President Lula da Silva has vigorously condemned terrorism. The Lula administration, however, does not acknowledge the presence of terrorist groups on Brazilian soil and insists that no identifiable terrorist incidents have occurred in the country. In 2003, the Brazilian Chamber of Deputies passed a bill on cyber-crime aimed at preventing terrorist hack attacks, but the bill continues to languish in the Brazilian Senate.

18. There are no significant impediments to the prosecution or extradition of suspected terrorists by Brazil, although Brazil's legal procedures are often tedious and protracted. Brazilian law prohibits the extradition of Brazilian citizens and allows only very measured and careful consideration for the extradition of naturalized citizens (for previous crimes and drug trafficking only) and foreigners (for all but ideological or political crimes). On August 24, 2005, the Brazilian Federal Police, in cooperation with Interpol agents in Brazil, arrested Colombian Revolutionary Armed Forces (FARC) "spokesman" Francisco Antonio Cadena Collazos under an international order for his capture.

19. In May 2004, the Government of Brazil at the initiative of the Chief of the Presidency's Institutional Security Office created a technical team composed of representatives from five key ministries and the three branches of the Armed Forces to formulate a national policy to combat terrorism. The group delivered to the President its recommendations which will serve as the basis for future legislation. This bill will call for the establishment of a national authority for combating terrorism.

10. In November 2004, President Lula and Russian Federation President Vladimir V. Putin issued a joint declaration calling for compliance with the United Nations Resolution 1540 and 1566. These resolutions deal with the prevention of access to weapons of mass destruction by non-state agents and with the threats to international peace and security raised by terrorism. President Lula also declared himself in favor of entering negotiations on a Universal Convention on International Terrorism and the International Convention to Fight Acts of Nuclear Terrorism, all within the framework of the United Nations. Brazil has signed all of the fourteen current UN conventions on terrorism and its legislature has ratified thirteen. The ratification process for the fourteenth instrument is underway.

CHICOLA